



What's Developing in Frederick

Dealing with In-Town Oil and Gas Development | April 2016

Over the last several months, anyone that has traveled into Frederick from the east near the Highway 52/County Road 17 intersection has seen the Extraction Oil and Gas “Troutt Wells” project and has first-hand knowledge of how modern-day oil and gas drillers access the precious minerals that still power much of our civilization. Massive temporary walls, constructed of sound-dampening materials and erected up to 32-feet high to minimize drilling noise, struggle to contain the frenetic spectacle of hard-hats and heavy machinery at the center of a stadium-sized industrial complex that dominates the horizon about a quarter-mile east of the Savannah neighborhood. Legions of semi-trucks and pickups pour from the site, and at night columns of flame are visible for miles, soaring above the fray, casting a surreal glow on the scrubby countryside as excess gases liberated during the drilling process are incinerated.

That Troutt Wells site is one of five new drilling projects in Frederick that are bringing 41 additional oil and gas wells to town; and not necessarily out in the hinterlands where they have historically been drilled. As viable drilling locations in far-flung rural areas are exhausted, oil and gas companies are developing new and larger well sites closer to existing neighborhoods and commercial areas, which can result in significant impacts to local residents, including loud noises, strange smells and heavy traffic, among others. Mitigating these impacts is not always easy, but local operators have committed to being good neighbors and are working to adapt their processes for sensitive in-town sites.

Frederick sits atop a small, albeit productive, segment of the Denver-Julesburg Basin, an underground geologic formation containing significant deposits of oil, natural gas and other minerals. Demand for oil-based products such as gasoline remain high, so despite the current price of crude at around \$40 per barrel – down from over \$100 less than two years ago – operators are still drilling in the geologic “sweet spot” beneath the town.

“Anadarko has a large mineral acreage position in and around the Town of Frederick and it is currently in the planning stages of its development process,” said Kimberly Mendoza-Cooke, a manager with Anadarko Oil and Gas. “In addition to planning horizontal development, Anadarko is also conducting workover operations on several wells in the Town,” continued Mendoza-Cooke regarding both the drilling of new wells and maintenance of existing wells.

Construction of Anadarko’s most recent project (Anadarko Troutt) concluded last year with the completion of six wells just east of the ongoing Extraction (Troutt) operation near the intersection of Highway 52 and County Road 17.

Extraction Oil and Gas is arguably the most active oil and gas company in Frederick, with three separate drilling projects underway (Troutt, Johnson Trust, Bybee) and the purchase of a number of facilities formerly owned by Sundance Energy, including the wells located in the Eagle Valley neighborhood.

Extraction is nearing completion of the eight-well Troutt project mentioned previously and has already begun the construction phase of the Johnson Trust Wells project (eight wells) generally northeast of the intersection between Bella Rosa Pkwy and Silver Birch Blvd, about 500 feet west of the Johnson Farm neighborhood. The Johnson Trust project site is just south of the town’s northern boundary and about 500 feet from Firestone’s Stoneridge neighborhood. Extraction is also nearing commencement of the Bybee Wells project (seven wells) directly across Silver Birch Blvd from the Johnson Trust wells. While they are separate projects, the Johnson Trust and Bybee projects are located right next to each other and will bring a combined 15 new wells to Frederick.

Encana Oil and Gas is also moving forward with a relatively large project in town. Located in Eagle Business Park, generally north and west of the intersection between



Eagle Blvd and Tipple Pkwy near the Town's Public Works facility, the Sullivan Wells project sits just over a quarter-mile from Legacy Elementary School and will result in 12 new oil and gas wells if approved.

"We are working closely with the Town Planning and Engineering Departments as well as the local Fire Department to develop drainage and landscape plans to ensure this operation is executed safely and with minimal impacts to the aesthetics and traffic in the area," said Toby Sachin, a regulatory analyst for Encana.

While the state of Colorado prohibits municipalities from regulating where oil and gas wells can be drilled, Town staff can work with operators to lessen impacts of drilling, such as noise, odor, light, traffic and aesthetics, particularly when new wells are near existing neighborhoods. Since oil and gas development has more typically occurred in rural areas, these more urban mitigation strategies are not always second-nature to operators, but companies such as Extraction, Encana and Anadarko are committed to being good neighbors and are working hard to adapt their processes to minimize impacts to community members.

"Anadarko has and will continue to work with town staff on impacts related to road use, visual and sound mitigation; focusing efforts on reducing sound at the source, and proactive engagement with residents to address localized concerns related to dust, mud, access and light and sound disturbance," said Mendoza-Cooke.

As discussed previously, temporary walls constructed of sound-dampening material are erected during drilling in an effort to minimize noise impacts to surrounding property owners. Drillers are also reducing noise and odor by increasingly connecting to municipal electrical services instead of running noisy, smelly diesel generators.

Traffic is typically addressed in a number of different ways. First, like other businesses that want to develop in Frederick, oil and gas companies are required to develop traffic studies that identify and mitigate impacts to the town road system. As a part of those studies, oil and gas operators work with Town staff to establish "haul routes" which identify the safest, most efficient paths of travel for vehicles to use when they enter and leave the project site.

Also, oil and gas companies are increasingly buying "non-

potable" or untreated water directly from the Town, so it can be piped to drilling sites instead of being hauled in on trucks, thereby significantly reducing traffic. Operators are also using similar strategies to transport the oil and gas they pull out of the ground.

"Anadarko has made major investment in pipeline infrastructure which allows it to move water and oil through pipelines, significantly reducing the amount of trucks on the Town and County road infrastructure," said Mendoza-Cooke.

To address aesthetics, Town staff is working closely with oil and gas operators to develop extensive landscaping plans for drill sites so they are less of an eyesore in neighborhoods. Such plans typically include a combination of trees, earthen berms and/or opaque fencing that screen pumping equipment and storage tanks from public view.

Despite the efforts of Town staff and oil and gas operators to mitigate the impacts of drilling, nearby residents often still feel the effects of these heavy industrial operations, which according to state law can be as close as 500 feet to people's homes. Town staff frequently gets questions and complaints from property owners near oil and gas sites regarding these impacts.

In cases where other kinds of heavy industrial sites are proposed close to neighborhoods, staff and elected officials can use zoning to protect neighbors from harmful impacts. However, as mentioned previously, state law specifically exempts oil and gas operations – among Frederick's heaviest industrial activities – from sections of the local zoning ordinance that spell out where such activities can take place. According to Matt LePore, Director of the Colorado Oil and Gas Conservation Commission (COGCC), the state agency that regulates oil and gas, the reason why begins with a lesson on property rights.

"In Colorado, it is common for the surface estate to be severed from the mineral estate, meaning that the sub-surface minerals are owned separately from the surface. Both owners, however, have a property right; the mineral owner has a right to develop the minerals and the surface owner has a right to develop and use the surface. These rights are essentially equal – the surface owner cannot preclude the mineral owner from accessing its minerals,



CONTACT US

Town Hall: 720.382.5500

401 Locust St.
P.O. Box 435
Frederick, CO 80530

nor can the mineral owner preclude the surface owner from making use of the surface,” said LePore.

Against this backdrop of a so-called “split estate,” as outlined above, LePore went on to discuss how local municipalities are legally unable to regulate the location of oil and gas operations because oil and gas production has been established as a “matter of state concern.”

“Colorado Supreme Court decisions from 1992 held that the technical aspects of developing oil and gas, including the spacing and location of wells, are matters of state concern, and therefore state regulations have primacy over local regulations. More recently, district courts have held that local government bans on drilling or frac’ing adopted by Longmont, Lafayette, and Ft. Collins are preempted by state regulations,” said LePore of failed attempts by other municipalities to insulate neighborhoods from drilling impacts.

So, what’s a resident to do when they have questions or concerns regarding an oil and gas development close to their home or around town?

Even though the Town has little power to regulate the location of oil and gas drilling, staff is in relatively close contact with local oil and gas operators and the COGCC, which has a “local government designee” program through which it communicates with municipalities. This program represents a direct line of contact with the agency that regulates oil and gas development in Colorado, so don’t hesitate to work with Town staff to use this tool. For more information, contact Jennifer Simmons, Local Government Designee and Town of Frederick Planning Director at 720-382-5650.

Residents and business owners may also contact the COGCC directly using the “complaint line” at 888-235-1101 or main phone line at 303-894-2100. More information is available on the COGCC website at www.cogcc.state.co.us.

In 2008, Town staff worked with the oil and gas industry and the COGCC to develop a list of Frequently Asked Questions (FAQs) to help the public better understand oil and gas development in this area. Please take a look at these FAQs and contact Town staff with questions.

Also note that while this information is still useful, it has become dated in many cases, so Town staff is in the process

of updating these documents and this web page. Staff anticipates having the updates complete in the summer of 2016 and we hope that this article serves as a helpful tool until then.

For information on new and existing wells, please refer to the interactive map on the Town’s Development Center webpage. Simply open the map and click on either the “oil well” icon (for existing wells), or the “bulldozer” icon (for drilling and other development projects).

Even though oil and gas operators have taken measures to make well sites safe, always keep in mind that these sites are industrial in nature, contain combustible materials and other chemicals, and should not be entered under any circumstances. Always call 911 in the event of fire, explosion or similar emergency.

For non-emergency concerns related to potential fire hazards, gas leaks or chemical spills, please contact the Frederick-Firestone Fire Protection District (303-833-2742), COGCC, well operator and/or local government designee. Well sites should be clearly marked with the name and telephone number of the operating company. Report any activities you observe including trespassing and vandalism to the Frederick Police Department (720-652-4222), Oil and Gas Conservation Commission, or the well operator.

If you have concerns related to the location, construction or operation of an oil and/or gas well, contact Utility Locate (Colorado 811 or 1-800-922-1987), the well operator, local government designee, or the COGCC representative.



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